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SUBJECT: UN/MANAGEMENT REFORM: U.S. JOINS CONSENSUS IN JULY
7 GA ADOPTION OF MANAGEMENT REFORM RESOLUTION

REF: 07/07/06 IO-USUN E-MAILS

¶1. (U) USUN, as instructed (ref e-mails), joined other General Assembly members July 7 in adopting by consensus a resolution (A/C.5/60/L.67) supporting a number of management reform measures recommended by the Secretary-General in his report on "Investing in the United Nations for a Stronger Organization Worldwide: Detailed Report" (A/60/846). Among the new agreed measures were:

- a decision to allow the Secretary-General, on an experimental basis, limited budgetary discretion to utilize shift up to \$20 million per year from savings and efficiencies for general temporary assistance to respond to evolving needs of the Organization;
- UN adoption of international public accounting standards;
- creation of a new post of Chief Information Technology Officer to oversee improvements in UN information and communication technology functions;
- replacement of the current Integrated Management Information System with a new enterprise resource planning system;
- funding for temporary assistance to improve UN procurement practices;
- increase in the Working Capital Fund to \$150 million, financed from budget surpluses and assessments;
- full operationalization of the Ethics Office;
- preparation of a single annual Secretary-General's report on the work of the Organization;
- a request for a comprehensive SYG report to facilitate Member State and public access to UN documentation and information; and,
- a commitment to take action to ensure the operational independence of the Office of Internal Oversight Services (OIOS).

The budgetary implications of this resolution amount to \$4,433,100.

¶2. (U) The GA deferred consideration until the 61st UN General Assembly session of additional reforms proposed by the Secretary-General on financial management practices, including consolidation of UN peacekeeping accounts and increases in the peacekeeping reserve fund; modification of commitment authority; and establishment of a reserve fund within the context of the 2008-2009 regular budget. The GA also delayed action on additional reforms in the areas of procurement, human resource management and oversight/governance/accountability, pending its receipt and detailed analysis of SYG and other reports on these issues, including the independent external evaluation of UN audit and oversight capabilities being prepared by Price Waterhouse. Ambassador Wallace, speaking following the GA vote, voiced concern over the lack of agreement on ensuring budgetary independence for OIOS, increased measures to achieve effective procurement reform, and financing costs associated with establishment of a new post of senior information

technology officer from previously authorized funds. By contrast, the South African delegate, on behalf of the Group of 77 and China, also spoke after the GA vote, listing all the reforms achieved since world leaders agreed to the Outcome Document in September 2005, and the critical role played by the G-77 in achieving these objectives.

13. (SBU) Of the seven issue-specific addendum reports detailing the SYG's specific recommendations outlined in "Investing in the UN" (A/60/692), GA members only focused discussions leading to the July 7 resolution on proposals contained in addenda 1 through 4 (information and communication technology, budget implementation, financial management practices, and improving reporting mechanisms including public access to UN documentation). Some of the draft language, including on ICT, improved reporting and public access, and financial management practices, that was jointly proposed during negotiations by the U.S., Japan and Australia was incorporated in the final document. However, members of the G-77 resisted repeated U.S. efforts to secure consensus support for language twice advocated by the Advisory Committee on Administrative and Budgetary Questions (A/60/7/Add.23, A/60/870) that would have called upon OIOS to submit its proposed 2008-2009 budget to the GA without Secretariat review, as well as language that would have

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created new permanent posts in the area of procurement to reform and improve current practices. The G-77, claiming no action could be taken until the release of the independent external evaluation of audit and oversight capabilities of the UN, also opposed U.S. attempts to include language that urged the SYG to begin identifying candidates for the Independent Audit Advisory Committee (IAAC). As a consequence, the GA will not address these issues until the 61st session.

14. (SBU) Comment: While the atmosphere and dynamics of the negotiations that resulted in the July 7 GA adoption of the resolution text were less acerbic and combative than the bitter disputes surrounding the GA's May 8 adoption of the resolution (A/RES/60/260) prompted by the SYG's original March 7 "Investing in the UN" report, a resolution the U.S. and 49 other Member States opposed, the G-77 again rejected any attempts by the U.S. and others to press forward in any meaningful way with the management reform agenda. The G-77 publicly touted its full support for UN reform while continuing privately to resist disruption of the status quo. There are few signs on the horizon that the G-77 approach will change anytime soon. End comment.

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